

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: February 26-27, 2003

Reference No.: 3.5
Information Item

From: ROBERT L. GARCIA
Chief Financial Officer

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Ref: **INTERCITY RAIL – 2ND QUARTER OPERATIONS REPORT FOR FY 2002-03**

This is the Intercity Rail Operations Report requested by the California Transportation Commission (Commission) for the 2nd Quarter of FY 2002-03. The report provides ridership, farebox ratio, passenger miles per train mile, and on-time performance measures, with descriptive text for each route.

California provides financial and administrative support for expanded Amtrak intercity rail passenger service on three corridors within the state: the Pacific Surfliner Route between San Diego, Los Angeles and San Luis Obispo; the San Joaquin Route to Bakersfield from both Oakland and Sacramento; and the Capitol Corridor between the Sacramento region, Oakland and San Jose. These corridors are, respectively, the second, fifth and fourth busiest routes in the entire national Amtrak system. State support for the first two corridors is administered by the Department of Transportation (Department), while support for the third is administered by a separate agency, the Capitol Corridor Joint Powers Authority.

Performance of California's State-supported Amtrak intercity rail passenger service improved significantly in the fall of 2002. Continuing the trend that started in September, total ridership on the three routes increased 12.6 percent in the second quarter of FY 2001-02, compared to the same quarter in FY 2000-01.

Financial information for the second quarter is not yet available from Amtrak. It is based on the actual invoices submitted to California by Amtrak, and it always lags a couple of months behind ridership information because of the time it takes Amtrak to assemble its detailed cost data and allocate or distribute it to the various individual trains in the Amtrak system before billing California and other supporting states. Financial information for the *first* quarter of FY 2001-02 is included in this report.

Shown following are graphs depicting the combined results of the three State-supported rail corridors in California. Route specific charts are in the sections for each route that follow.

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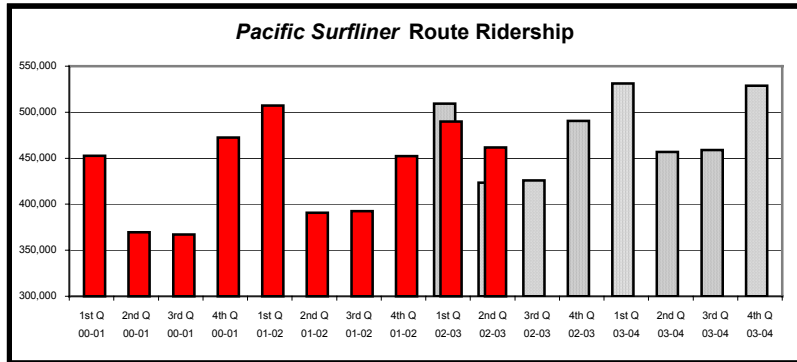
Note: Solid Bars reflect actual data; Shaded Bars reflect Business Plan Projections

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Pacific Surfliner Route

There are currently twelve daily round trips between Los Angeles and San Diego, three of which are through-trains between San Diego and Goleta (Santa Barbara) and one of which is a through San Diego-San Luis Obispo train. On weekends, there is a fifth round trip between Los Angeles and Goleta.

Pacific Surfliner ridership soared in the second quarter of FY 2002-03 (October through December 2002). With double-digit increases in all three months, total ridership for the quarter was 18.2 percent higher than the same quarter the previous year, exceeding the Business Plan projection for the quarter by nine percent. For the first two quarters combined (July through December 2002), total ridership is 6.0 percent above the same time period of the previous year.



About half of the growth in the second quarter is directly attributable to the “Rail 2 Rail” program, which provides for the mutual honoring of Amtrak and Metrolink tickets for travel on trains of either system. Almost 35,000 passengers took advantage of this program during October and November (December figures are not available yet). The afternoon and early evening departures south from Los Angeles experienced the largest increases over the same months last year, demonstrating that the increased convenience of being able to treat the two systems as a single service has made rail travel much more attractive throughout the Los Angeles basin.

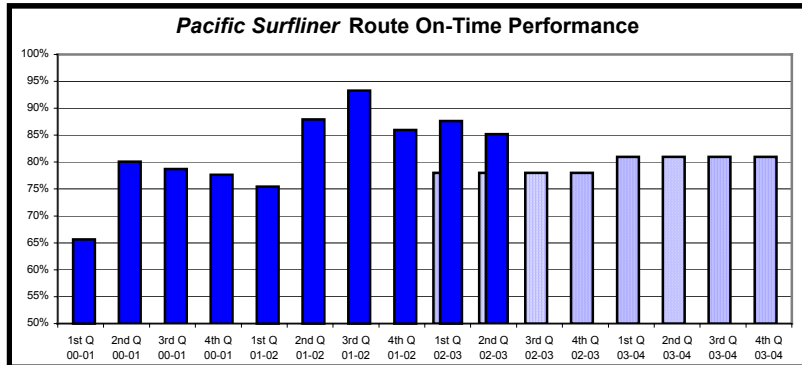
Although the absolute numbers are still small, the “Kids ‘n Trains” school group program is growing rapidly. School group ridership in the second quarter of FY 2002-03 was double that of the previous year, and advance bookings for spring trips (the peak season for schools) are up substantially.

Ridership north of Los Angeles also increased significantly in the second quarter, due in part to the faster schedules and increased reliability resulting from completion of the track improvement projects on that portion of the line.

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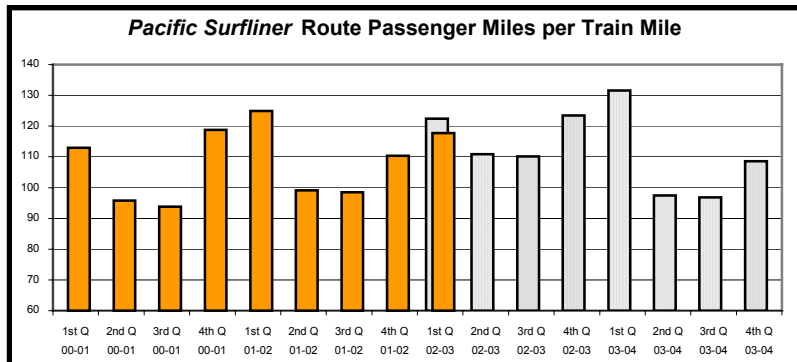
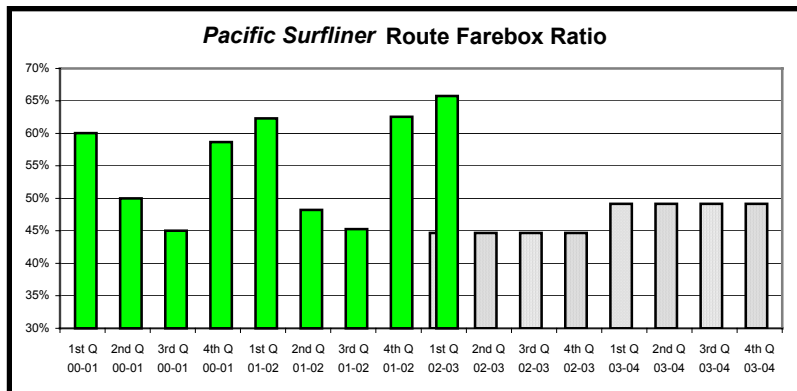
Pacific Surfliner Route (continued)

On-time performance in the second quarter, although slightly lower than the previous year, remained above 85 percent for the fifth consecutive quarter. This is significantly above the Business Plan projection.



Financial information for the second quarter is not yet available from Amtrak.

In the first quarter of FY 2002-03 (July through September 2002) the *Pacific Surfliner* revenues declined by 2.8 percent compared to the same quarter the previous year (ridership had declined by 3.5 percent, as reported in the Operations Report for the 1st Quarter of FY 2002-03). Expenses, on the other hand, decreased by 7.9 percent in the same period. As a result, the farebox ratio improved from 62 percent to 66 percent. Passenger miles per train mile, a measure of the average number of passengers on board an individual train at any one time, declined slightly from the previous year, reflecting the overall decline in ridership.

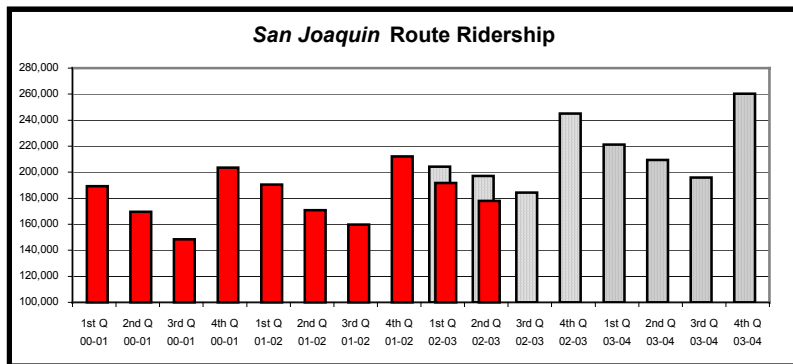


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San Joaquin Route

There are currently six daily train round trips serving the *San Joaquin Route*, four operating between Bakersfield and Oakland/San Francisco and two operating between Bakersfield and Sacramento. All six round trips have dedicated bus connections to stations throughout Southern California. On the north end, similar buses connect Sacramento with the Oakland trains and San Francisco/Oakland with the Sacramento trains, thus providing six daily arrivals and departures for both northern terminals. Additional connecting buses provide feeder service to communities throughout the north end of the State.

The *San Joaquins* posted ridership records in all three months of the second quarter. Total ridership for the second quarter of FY 2002-03 (October through December 2002) increased 4.3 percent compared to the same quarter the year before. It was, however, 9.7 percent below the projection in the Business Plan. For the first two quarters combined, (July thru December 2002), total ridership is 2.3 percent above the same quarters the previous year.



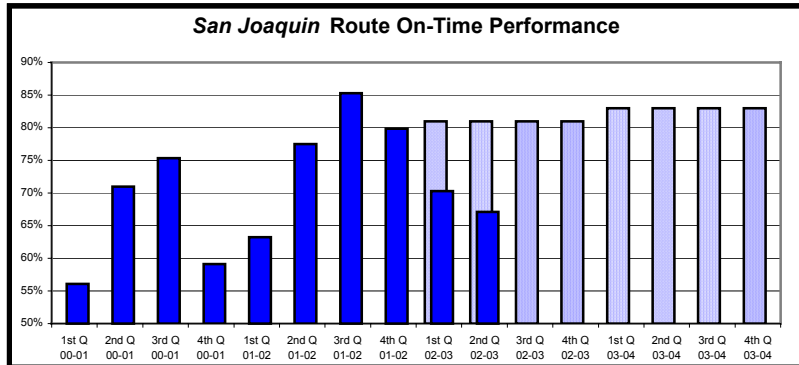
Train ridership to and from Sacramento has already doubled (compared to the second quarter of FY 2001-02) as a result of the addition of the second direct Sacramento-Bakersfield train in March 2002, and the Sacramento market continues to show steady growth. Quantifying ridership south of Stockton on the new train is much more difficult, as there were already five round trips in the San Joaquin Valley itself, and the new train represents only a 20 percent service increase. Nonetheless, the new train filled a large gap in the spacing of train schedules south of Stockton and made Valley travel much more convenient. It provides a Fresno arrival from the south before 10:00 AM and a much more attractive morning departure from Bakersfield.

Participation in the “Kids ‘n Trains” school group program developed by the Department continues to increase. Although winter is the slow season for this program, school group ridership in December increased more than three-fold. Advance bookings for spring trips are also up significantly. This program continues to serve as an introduction for children, and their teachers and chaperones, to the experience of train travel. Other states that support train service in partnership with Amtrak have used California’s program as a pattern for programs of their own.

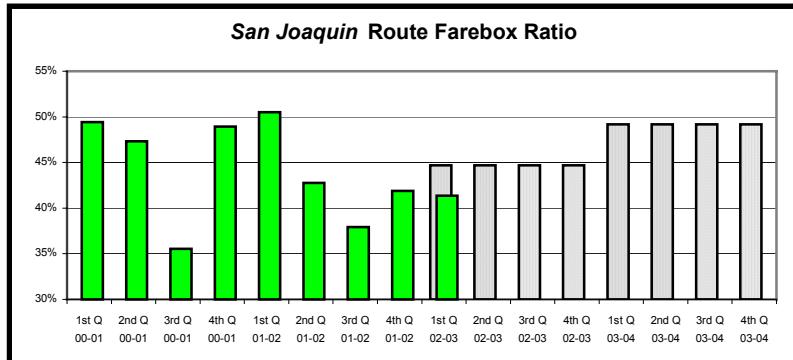
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San Joaquin Route (continued)

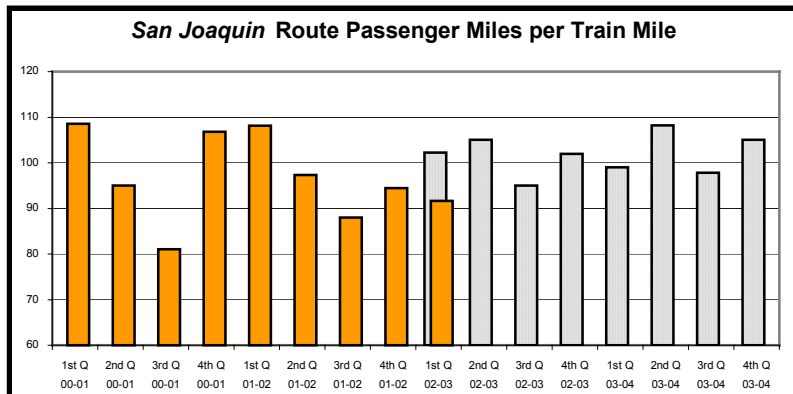
On-time performance again dropped from the previous quarter, reflecting poor performance during the busy holiday periods. November and December also posted poorer on-time performance than the same months in 2001, the first same-month declines in some time.



Financial information for the second quarter is not yet available from Amtrak. In the first quarter of FY 2002-03 (July through September 2002) the *San Joaquin's* farebox ratio declined from 50 percent to 42 percent compared to the same quarter the previous year. This continues to reflect the introduction of the sixth round trip in March 2002. A new service or frequency causes costs to rise immediately in direct proportion to the service



increase (in this case twenty percent), while revenues and ridership build up gradually over the first year. Passenger miles per train mile can also be expected to decline slightly following a service increase for essentially the same reason, and that has happened.



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Capitol Corridor

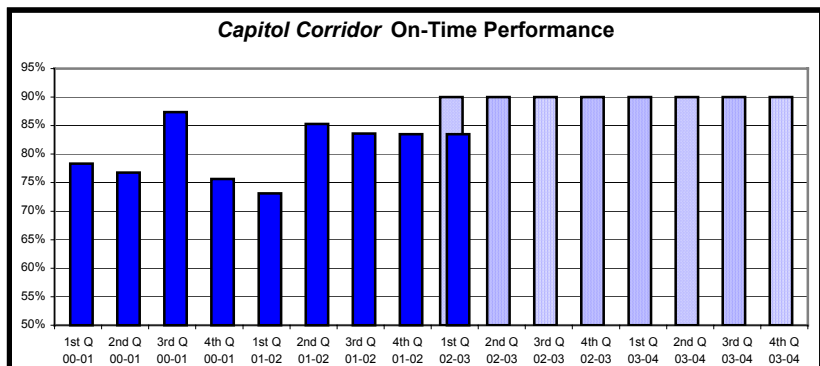
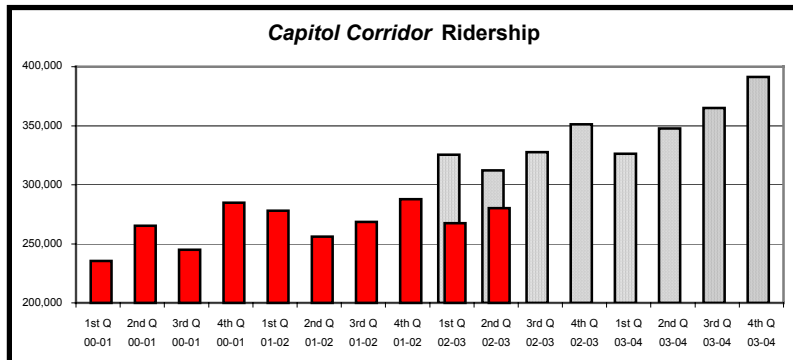
There are currently eleven weekday round trips between Oakland and Sacramento, with the eleventh one having just been added in January 2003. One round trip each day continues to and from Auburn, and four round trips extend beyond Oakland to San Jose. On weekends there are nine Oakland-Sacramento round trips, with six round trips extending to San Jose and one to Auburn.

The *Capitol Corridor* posted ridership records in all three months of the second quarter. Total ridership for the second quarter of FY 2002-03 (October through December 2002) increased 9.4 percent compared to the same quarter the year before. It was, however, 10.3 percent below the projection in the Business Plan. For the first two quarters combined (July thru December 2002), total ridership is 2.5 percent above the same quarters the previous year.

Regular riders, using multi-ride tickets, now account for over half the total ridership on the *Capitol Corridor*, and local travel between Sacramento and Placer County continues to show significant growth.

The Capitol Corridor Joint Powers Authority has introduced a school group program similar to the “Kids ‘n Trains” program the Department developed for the *San Joaquin* and *Pacific Surfliner* Routes. Performance data for the program is not available at this time..

On-time performance held at 83.5 percent for the third quarter in a row, impacted by increased track work and freight train interference. Completion of current and scheduled track improvements should reduce interference problems and improve on time performance.



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Capitol Corridor (continued)

Financial information for the second quarter is not yet available from Amtrak. In the first quarter of FY 2002-03 (July through September 2002) the *Capitol Corridor* revenues declined by 4.0 percent compared to the same quarters the previous year (ridership had declined by 3.8 percent, as reported in the Operations Report for the 1st Quarter of FY 2002-03), while expenses increased by 2.7 percent. As a result, the farebox ratio slipped from 40 percent to 38 percent. The decline in passenger miles per train miles, like the decline in revenue, reflects the continuing increase in the portion of riders using multiple-ride tickets, which tend to be for shorter (though more frequent) individual trips.

